Disclosures under MIFIDPRU 8 relating to non-SNI MIFIDPRU Investment Firm and FCA Regulations as at 31 December 2022

Introduction

CCBI Global Markets (UK) Limited (**CCBIUK** or the **Company**) is authorized and regulated by the Financial Conduct Authority (**FCA**) and is currently classified as a Non-SNI MIFIDPRU investment firm under FCA rules from 1 January 2022. The disclosures that follow herein are made on an individual basis.

The Company has no subsidiary undertakings. As at 31 December 2022, the Company is a wholly-owned subsidiary of CCB International Securities Limited, a company incorporated in Hong Kong. CCB International Securities Limited is a wholly-owned subsidiary of China Construction Bank Corporation. There is no UK Consolidation Group for regulatory purposes.

MIFIDPRU 8 Disclosure Policy

The Company has adopted a policy of annual reviews for the purposes of complying with its disclosure for the purposes of MIFIDPRU 8. Such disclosures are based upon, and made in conjunction with the preparation and publishing of its annual audited accounts. The Company's financial year-end is 31 December. The Company will disclose, in accordance with MIFIDPRU 8, the following information:

1. Risk management objective and polices (MIFIDPRU 8.2);

2. Governance arrangements (MIFIDPRU 8.3);

3. Own funds (MIFIDPRU 8.4);

4. Own funds requirements (MIFIDPRU 8.5); and

5. Remuneration policies and practices (MIFIDPRU 8.6).

CCBIUK currently fulfils the conditions in MIFIDPRU 7.1.4R.1. Therefore, the disclosure requirement in respect of the Investment policy of CCBIUK (MIFIDPRU 8.7) does not apply.

Chosen location of disclosures

As mentioned in the Company's audited accounts, the chosen location of disclosure is the Company's website (http://www.ccbintl.co.uk/) in the "Disclosure" section.

1. Risk management objective and polices (MIFIDPRU 8.2)

1.1 Risk management framework

The key document of CCBIUK's risk management framework is the CCBIUK Risk Management Policy (**Risk Policy**). The Risk Policy sets out CCBIUK's risk appetite, which is reviewed and approved at least annually by the Board. This is complemented by the Internal Capital and Risk Assessment (**ICARA**) process and document which is also reviewed by the Board at least annually.

The Board is responsible for the establishment and maintenance of the risk management framework and is supported by relevant committees within the Company.

1.2 Risk Identification

The Risk Policy defines the key risk types faced by CCBIUK and which are further assessed through the ICARA process.

The risks types that are of relevance for CCBIUK are:

- Financial Risk (including price risk, credit risk, interest rate risk and foreign currency risk)
- Liquidity and Capital Risk
- Operational Risk
- Concentration Risk

1.3 Risk Appetite Statement

The Risk Policy sets out, for each identified risk type, CCBIUK's appetite regarding that risk type. CCBIUK has an overall conservative risk appetite, and it acts at all times in accordance with this risk appetite in achieving its strategic objectives.

CCBIUK has considered its appetite to risk in two ways: Qualitative and Quantitative and maintains the CCBIUK Risk Register (the **Risk Register**) which identifies the detailed major risks faced by CCBIUK and their associated mitigating controls, and includes a number of key risks that CCBIUK have identified as material risks faced in the course of doing business when assessed against its risk appetite.

CCBIUK manages a number of interrelated categories of risk in support of an effectively run business.

CCBIUK has a very low risk appetite for liquidity risk, a low risk appetite for legal, regulatory and compliance risk (including ethics risk), reputational risk, market risk, operational risk (including technology risk and cyber risk), and a moderate appetite for credit risk and human capital risk. CCBIUK does however accept some risk in conducting its business, and recognises that it is not practical or desirable to avoid all risk.

1.4 Risk Management Assessment

Risk register

Material harms/risks are defined as those identified in the Risk Register and the additional own fund and liquid assets are then determined to cover the risks which remain material after consideration of mitigation and event probability.

The Risk Register is CCBIUK's risk assessment of its major risk exposures and outlines the controls in place to mitigate those risks. The Risk Register vertically integrates with the overall Risk Management Policy and is used to support the ICARA process.

Operational Risk and Controls Assessment (ORCA)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel and systems, or from external events. It includes the risk of failing to comply with applicable laws, regulations and other CCBIUK internal policies.

The ORCA seeks to embrace the rules and requirements of the FCA in accordance with MIFIDPRU 7 and FCA SYSC 7.1 Risk Control.

Risk summary

In order to meet the requirements in MIFIDPRU 8.2.2R, the Company has prepared the following summary statement of the harms associated with the business strategy and a summary of the strategies and processes used to manage the categories of risk.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Financial Risk	The Company's activities expose it to a variety of financial risks: price risk, credit risk, foreign currency risk and interest rate risk.	Potential harms included business disruption, financial loss, reputational damage and legal or regulatory action brought against firm for significant violation or breach.	The Board of Directors determines the level of risk acceptable to the Company by setting limits within which senior managers monitor the Company's operations. The key document of CCBIUK's risk management framework is the CCBIUK Risk Management Policy ("Risk Policy"). The Risk Policy sets out, CCBIUK's risk appetite, which is reviewed and approved at least annually by the Board of Directors. The Risk Policy defines the key risk types faced by CCBIUK and they are required to be assessed by CCBIUK via its ICARA process.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Credit Risk	Credit risk arises from a counterparty defaulting on a contractual obligation involving deposits with banks and financial institutions and from derivative financial instruments transactions. The Company grants credit to its customers and amounts shown as due from trade debtors and derivative financial instruments are therefore sensitive to both market prices and the counterparty's ability to perform.	Market events such as severe market price increase causing a client-side multiple default event, or client specific issues triggering client default. A substantial financial loss and reduction in regulatory capital (own funds) as a result of clients' default.	Credit lines granted are approved within the Company's Credit Management Policy and the position of every customer is marked to market on a daily basis to ensure that customers remain within their credit lines. To mitigate credit risk, the company can call counterparties for cash to cover margin requirements. In addition, the credit committee set total position limits for each customer. Market-side financial institutions are reviewed by the Credit Committee at least annually. All deposits were kept at major financial institutions and central counterparty. Therefore, the risk of default would be considered remote. Additionally, the Company can use off-balance sheet credit risk mitigation techniques. This can be in the form of guarantees, letters of credit or other forms as deemed acceptable by the Company.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Price Risk	Price risk arises from adverse movements in the price of derivatives in which the Company trades. When open positions are held, the Company is exposed to adverse price movements in the prices of commodities in which it trades and hold positions.	Severe market price change causing a large loss in the house trading book. A substantial financial loss and reduction in CCBIUK's own funds (regulatory capital).	The Company seeks to match asset and liability derivative positions, in order to minimise open positions. The Company has approved limits designed to manage this risk that can result from facilitating customer business. Limits are established for each trading book as per market risk policy, are monitored on a daily basis and are subject to regular review. Monitoring of limit is performed by CCBIUK's Risk Management team. The Company has a policy to create trade limits which have been set that take into account each commodity's volatility. Those limits are monitored on a daily basis against both marked to market movement and position structure.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Interest Rate Risk	Interest rate risk refers to the sensitivity of the company to changes in interest rates. CCBIUK's business model involves the borrowing of funds to cover margin gap due to the provision of credit lines by clients. Movements in interest rates only have a limited impact on commodity prices and therefore the Company's exposure to interest rate risk in the trading book is not material.	A significant fall in interest rates would have an adverse impact on CCBIUK's profitability.	The Company has exposure to interest rate changes with regard to its interest income for customer charges for credit line utilisation and deposits with banks and LME Clear. The Company continues to monitor the effect of these interest rate changes and would look to mitigate any material risk where possible, should it arise.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Foreign Currency Risk	A majority of assets, liabilities and expenditure are denominated in US Dollars (Base currency) while a minority of which are denominated in non-base currency. The Company is thereby exposed to the movements in foreign exchange rates which brings impact to financial result. When open positions are held in the trading books, the Company is exposed to movements in FX in which it trades and hold positions.	FX loss arising from unmatched position may lead to financial and reputational loss. A prolonged fall in USD/GBP rates therefore has the impact of increasing costs in our USD base currency and reducing profitability. Also, FX loss may lead to a reduction in CCBIUK's own funds (regulatory capital).	Risk Department have a regular and on-going monitoring of FX risk versus approved FX limits by currency for the trading book.. Most of the transactions in foreign currencies are hedged on the trade date, so that the Company's exposure to exchange rate risk is limited. The Company does not engage in speculative foreign exchange trading, but does consider the foreign exchange rate risk relating to the sterling cost base and has put in place a hedging strategy to manage these risks.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Liquidity and Capital Risk	Liquidity Risk is the risk that a company does not have available sufficient financial resources to meet its obligations as they fall due. Capital Risk is the risk that a company fails to meet the regulatory requirement for capital.	Regulatory bodies may take disciplinary actions against the Company if the Company failed to meet capital and liquidity regulatory requirements. The Company may need to cease its regulated activities and start a wind-down process.	The Company manages liquidity by maintaining adequate reserves and banking facilities. The facilities cover funding for daily operational requirements to the Company to LME clear. At 31 December 2022, the Company had adequate unutilised facilities. A daily liquidity stress test is performed by the Risk Management Department to provide a prudent level of liquidity buffer for inclusion in daily liquidity and cash flow reporting. These liquidity and cash flow triggers are set out in ICARA. CCBIUK's approach to liquidity risk is well established, and is set out in its Liquidity Risk Management Policy (**LRMP**). The LRMP has been approved by the Board and reviewed by the Risk Management Department at least annually to take account of changes and developments within CCBIUK's business model and latest regulations. Material changes are approved by the Board as appropriate. The management reviews the regulatory capital on a daily basis to ensure that its capital base is adequate to cover the risks inherent in the business to be compliant with the requirements of the regulatory authorities.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. This broad category extends across all departments throughout the Company.	Inadequate control of operational risk potentially leading to reputational loss, revenue loss or regulator censure or litigation. Systems and controls failures my trigger FCA investigations and further reputational loss.	The Company strives to mitigate operational risks through reviewing processes and controls continuously. Follow-up actions are taken swiftly post identified operational risk events, with any issues escalated immediately. Employee retention is managed in accordance with the Company's remuneration policy on reward, compensation benefits and continued employee development.

Summary of key risks and potential harms and risk management processes for each.			
Risk	**Definition of the risk**	**Potential harms identified related to the business strategy**	**Risk Management tools**
Concentration Risk	Concentration Risk is the risk arising from the strength or extent of a firm's relationships with, or direct exposure to, or substantial revenue generated from a single client or group of connected clients.	The Company will experience an unsustainable reduction in its revenue and incur a loss for losing major customers. Creating customer exposures that is significant enough to bring adverse impacts on the regulatory capital calculation (K-factors). A major client default may lead to a substantial financial loss and reduction in CCBIUK's own funds (regulatory capital).	CCBIUK's client on-boarding procedures include a review of clients for classification as non-financial or financial counterparties. CCBIUK currently relies on the commodity and emission exemption under MIFIDPRU5.11, subject to the qualifying conditions. Therefore, exposure for non-financial counterparties are exempt from K-CON. There is no exposure for financial counterparties as at 31 Dec 2022. Client exposure concentration is monitored by Risk department on a daily basis.

1.5 Risk management structure

Audit & Risk Committee (''ARC'') is a committee of the Board and is mainly responsible to assist and advise the Board with the Company's implementation of a risk management strategy, risk policies and current risk exposures, including any prudential risks, CCBIUK's overall risk appetite, tolerance and strategy. The ARC reviews with relevant management executives of CCBIUK's risk management and internal control systems and advise the Board on the current risk exposures and future risks and the steps taken to manage and/or mitigate those risks.

The Risk Management Committee is a management committee with its main purpose being to oversee the development, implementation and monitoring of various risk management policies on behalf of CCBIUK including establishing / ratifying policies, rules, guidelines and procedures for other identified actual or potential risk exposure of CCBIUK.

This disclosure statement is reviewed and approved by the ARC prior to being published.

2. Governance arrangement (MIFIDPRU 8.3)

CCBIUK, as a non-SNI MIFIDPRU investment firm, is required to disclose certain information in respect of its internal governance arrangements, and in particular how it complies with the requirements of SYSC 4.3A.

2.1 Implementation of Governance Arrangements

The Company's management body (which is comprised of the Company's Board of Directors) defines, oversees and is accountable for the implementation of governance arrangements, including the segregation of duties in the Company and the prevention of conflicts of interest. The management body operates in in a manner that promotes the integrity of the market and the interests of clients that ensures effective and prudent management of the Company.

The Board of Directors has appointed and delegates specific authority to two committees, including Audit & Risk Committee (“ARC”) and Remuneration Committee (“Remcom”). All of the ARC and Remcom committee memberships are made up of the board of directors.

CCBIUK’s management body:

- has overall responsibility for the Company;

- approves and oversees implementation of the Company's strategic objectives, risk strategy and internal governance;

- ensures the integrity of the Company's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.

- oversees the process of disclosure and communications;

- has responsibility for providing effective oversight of senior management;

- monitors and periodically assesses:

    (a) the adequacy and the implementation of the Company’s strategic objectives in the provision of investment services and/or activities and ancillary services;

    (b) the effectiveness of the Company's governance arrangements;

    (c) the adequacy of the policies relating to the provision of services to clients;

- takes appropriate steps to address any deficiencies; and

- has adequate access to information and documents which are needed to oversee and monitor management decision-making.

When appointing members of the management body, the Company ensures that they are of sufficiently good repute and have adequate collective knowledge, skills and experience to understand the Company's activities, including the main risks that the Company faces.

The Company ensures that the members of the management body of the Company do not hold more directorships than is appropriate taking into account individual circumstances and the nature, scale and complexity of the Company's activities. As at 31 December 2022, other directorships held by CCBIUK's Board of Directors mainly comprise of executive or non-executive directorships held within the same group or directorships in organizations which do not pursue predominantly commercial objectives. The number of directorships (executive and non-executive) held by each Director are summarized below:

Name	**Position**	**Number of directorships held (As at 31 Dec 2022)**
Chi Pan Chan	Executive Director	1
Andrew Gooch William	Executive Director	1
Shoujian Liu	Non-Executive Director	1
Kam Hung Fok	Non-Executive Director	1
Malcolm Graham McCaig	Independent Non-Executive Director	6

CCBIUK provides equal employment opportunities to all employees and applicants for employment. In recruiting people to the Company, including the management body, individuals are selected, promoted and treated according to their ability, merits and the requirements of the relevant position. The Company does not discriminate against applicants or employees on the grounds of their sex, sexual orientation, age, religion, race (including colour, nationality or ethnic origin) or disability. This policy therefore helps promote diversity on the management body.

CCBIUK currently does not exceed the threshold in MIFIDPRU 7.1.4R and is therefore not subject to the requirement to establish a nomination committee.

3. Own Funds (MIFIDPRU 8.4)

The Own Funds of the Company are the sum of its common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. As at 31 December 2022, CCBIUK's own fund was $55.54 Million. Details of the own funds are summarized below:

Composition of regulatory own funds			
	Item	**Amount (USD millions)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	**55.54**	
2	**TIER 1 CAPITAL**	**45.54**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**45.54**	
4	Fully paid up capital instruments	69.63	Balance sheet Called up share capital
5	Share premium	-	-
6	Accumulated losses	(24.01)	Balance sheet Accumulated losses
7	Accumulated other comprehensive income	-	-
8	Other reserves	-	-
9	Adjustments to CET1 due to prudential filters	-	-
10	Other funds	-	-
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(0.08)	Balance sheet Intangible assets
19	CET1: Other capital elements, deductions and Adjustments	-	-

20	**ADDITIONAL TIER 1 CAPITAL**	-	-
21	Fully paid up, directly issued capital instruments	-	-
22	Share premium	-	-
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	-
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	-
25	**TIER 2 CAPITAL**	**10.00**	Balance sheet Other payables (Non-current liabilities)
26	Fully paid up, directly issued capital instruments	10.00	Balance sheet Other payables (Non-current liabilities)
27	Share premium	-	-
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	-
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		Balance sheet as in audited financial statements	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at year end 31 December 2022 **(USD millions)**	**As at year end 31 December 2022** **(USD millions)**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
	Non-Current Assets			
1	Tangible assets	0.04	N/A	-
2	Intangible assets	0.08	N/A	Own Funds item 11
3	Right-of-use assets	1.19	N/A	-
4	Financial asset at fair value through other comprehensive income	1.50	N/A	-
5	Trade and other receivables	9.51	N/A	-
	Total Non-Current Assets	**12.32**	N/A	-
	Current Assets			
6	Trade and other receivables	78.66	N/A	-
7	Derivative financial instruments	32.14	N/A	-
8	Cash at bank and in hand	69.20	N/A	-
	Total Current Assets	**180.00**	N/A	-
	Total Assets	**192.32**	N/A	-

Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
	Current Liabilities			
1	Trade and other payables	(57.53)	N/A	-
2	Derivative financial instruments	(76.86)	N/A	-
3	Lease liability	(0.28)	N/A	-
	Total Current Liabilities	**(134.67)**	N/A	-
	Non-Current Liabilities			
1	Lease liability	(0.91)	N/A	-
2	Other payables	(10.00)	N/A	Own Funds item 26
3	Deferred tax liability	-	N/A	-
	Total Non-Current Liabilities	**(10.91)**	N/A	-
	Total Liabilities	**(145.58)**	N/A	-
Shareholders' Equity				
	Capital and Reserves			
1	Called up share capital	69.63	N/A	Own Funds item 4
2	Other reserves	1.12	N/A	-
3	Accumulated losses	(24.01)	N/A	Own Funds item 6
	Total Shareholders' equity	**46.74**	N/A	-

Own funds: main features of own instruments issued by the Company
Tier 1 Capital Tier 1 capital (and CET1) mainly included 41,902,785 ordinary shares of £1 each issued at par for GBP41.09M (equivalent to USD69.63M, which was recognized as Tier 1 in regulatory capital). As at 31 December 2022, the ordinary shares were classified as Called-up share capital in the balance sheet. The Company has one class of ordinary share which carry no right to fixed income. Each ordinary share carries one vote at any general meeting. **Tier 2 Capital** Tier 2 capital mainly included a fixed coupon sub-ordinated loan of USD10M (equivalent to GBP8.33M) due to a parent company. The sub-ordinated loan was recognized as a regulatory capital as Tier 2 capital. As at 31 December 2022, the sub-ordinated loan was classified as other payables under Non-Current liabilities. The maturity date of this sub-ordinated loan is 28 November 2029.

4. Own fund requirements (MIFIDPRU 8.5)

4.1 Own fund requirements

As set out in the ICARA, the adequacy of the Own Funds against the Own Funds Requirement[1] is addressed on a regular basis and discussed by CCBIUK.

CCBIUK's regulatory capital is monitored and circulated to the management on a daily basis. Should the regulatory capital excess fall below required level on any given day then the matter will be escalated by the CEO to the Board and a notification sent to the FCA by the Compliance Department.

Pursuant to MIFIDPRU 4.3, CCBIUK's Own Funds requirement is the higher of CCBIUK's:

- Permanent Minimum Capital Requirement (**PMR**)
- Fixed Overheads Requirement (**FOR**)
- The K-Factor Requirement

Based on calculations, CCBIUK's K-Factor Requirement is the highest of the three requirements, and is therefore CCBIUK's Own Funds Requirement as calculated as the sum of the K-Factors.

CCBIUK is a non-SNI MIFIDPRU investment firm. CCBIUK continuously assesses whether it is a significant SYSC firm or a Large Non-SNI MIFIDPRU investment firm as determined by the thresholds set out in SYSC 1.5 and SYSC 19G.1. It also considers whether it is required to establish committees due to meeting the thresholds in MIFIDPRU 7.1.4R

4.2 K-Factor requirements

As at 31 December 2022 the breakdown of K-factor Requirements are summarized as follows:

	K-Factor	**USD (Million)**
(a)	K-AUM	-
	K-CMH	-
	K-ASA	-
	Subtotal	**-**

[1] As defined in the FCA Handbook and refers to the requirement for a MIFIDPRU investment firm to maintain a minimum level of own funds as specified in MIIFDPRU 4.3

	K-Factor	USD (Million)
(b)	K-COH	-
	K-DTF	0.11
	Subtotal	**0.11**
(c)	K-NPR	3.24
	K-CMG	-
	K-TCD	11.97
	K-CON	-
	Subtotal	**15.21**

4.3 Fixed Overheads Requirement

The FOR of a non-SNI MIFIDPRU investment firm is equal to one quarter of CCBIUK's relevant expenditure during the preceding year, based on its most recent audited financial statements.

As at 31 December 2022, The FOR of CCBIUK was USD3.6 Million, being 25% of $14 million of relevant expenditure in the audited financial statements for the preceding year.

4.4 Permanent Minimum Capital Requirement

The Permanent Minimum Capital Requirement (**PMR**) for CCBIUK is £750,000.

4.5 Overall financial adequacy rule

The Overall Financial Adequacy Rule (**OFAR**) establishes the standard that FCA applies to determine whether a MIFIDPRU investment firm has adequate financial resources. Pursuant to MIFIDPRU 7.4.7, CCBIUK, at all times, must hold own funds and liquid assets which are adequate, both as to the amount and quality, to ensure that CCBIUK remains financially viable over the economic cycle, taking into account periods of financial stress, and should the Board resolve to do so, can be wound down in an orderly manner that minimizes potential harm to stakeholders and other market participants.

4.6 Additional own fund requirement

CCBIUK uses the ICARA process to calculate and assess the assets which need to be held to in order to comply with the overall financial adequacy rule. The focus of the ICARA process is on identifying and managing risks that may result in material harms.

In addition to the own funds required to be held as a result of the K-Factor Requirement, CCBIUK identifies financial risk and non-financial risk and assesses the adequacy of its additional own funds through a number of scenario workshops. The financial and non-financial risk categories were chosen with reference to the risk management policy, noting that CCBIUK operate a largely monoline LME commodities business model with corporate clients; and do not engage in retail business or hold client money.

In designing and quantifying the scenarios, CCBIUK assume that despite the controls that are in place, that an adverse scenario unfolds as described, and results in a financial loss and/or revenue forgone. Material risks are defined as those identified in the risk register to represent the net risks which remain material after consideration of mitigation measures and event probability.

As at 31 December 2022, the additional own funds required as a result of potential harms the firm may be exposed to has been calculated as $3.29 Million.

It is intended that the continuing adequacy and appropriateness of the additional own funds be assessed on an annual basis, or more frequently if there is a material change to the business or environment.

4.7 Liquid assets held for ongoing business operations

As part of the ICARA process, CCBIUK produce a reasonable estimate of the maximum amount of liquid assets that the Company would require to fund its ongoing business operations during each quarter over the next 12 months.

Since 1 January 2022, the Company has been subject to IFPR, which sets out the requirements regarding the level of liquidity which must be maintained by the Company , including the introduction of the Basic Liquidity Assets Requirement ('**BLAR**'). Pursuant to IFPR that the Company entails to hold an amount of core liquid assets equal to one third of the FOR.

As at 31 December 2022, the Company's FOR was $3.6 million in the preceding period (financial year ended 31 December 2021) and the BLAR is therefore $1.2 Million. The Core liquid assets of the Company was $69.20 Million, including short term cash deposits at a number of UK authorised credit institutions.

4.8 Liquid assets held for the purposes of wind-down

Careful consideration has been given to the requirements of a scenario requiring the wind down of CCBIUK in the event that an adverse scenario occurs and the Board is unable to resolve the matter through a recovery option and return CCBIUK to a viable position.

Both financial and non-financial requirements in determining a cost of wind-down were considered. These considerations are set out in the CCBIUK Wind-Down Plan, which is detailed in the ICARA.

CCBIUK holds a pool of liquid asset specifically for the purpose of wind down to ensure the availability of sufficient financial resources during the wind-down process. As at 31 December

2022, CCBIUK held ring-fenced liquidity of $7 Million explicitly for the estimated costs of wind down activities, separate from other existing liquidity requirements.

4.9 Liquid Assets Threshold Requirement (LATR)

The Liquid Asset Threshold Requirement (**LATR**) is the amount of liquid assets that a firm needs to hold at any given time to comply with the OFAR. In order to comply with the OFAR it is necessary to hold liquid assets which enable the firm to remain financially viable throughout the economic cycle, and the firm can be wound down in an orderly manner.

The LATR is calculated as the sum of the BLAR and the higher of:

- the liquidity requirement required for ongoing operations of the business; and
- the amount of liquid assets required to commence its wind-down process to ensure an orderly wind-down.

For ongoing operations, CCBIUK's liquidity policy is to hold a liquidity buffer, in addition to the liquidity requirement of the liquidity stress test, based on the assessment of prevailing market conditions. At 31 December 2022, the liquidity requirement for stress test was $41.11 Million whilst the estimated cost for wind-down process was $7 Million.

Therefore, the LATR will be the sum of the BLAR and the liquidity stress requirement. As at 31 December 2022, the Company's total liquid assets were $87.64 Million, which was able to meet the LATR of $42.31 Million.

5. Remuneration policies and practices (MIFIDPRU 8.6)

Under MIFIDPR 8.6 Remuneration policy and practices, all MIFIDPRU Investment firms are required to disclose qualitative and quantitative disclosures.

5.1 Qualitative disclosure

CCBIUK has applied the MIFIDPRU Remuneration Code (the Remuneration Code) from 1 January 2022. The requirements in the Remuneration Code set out the minimum regulatory requirements that a MIFIDPRU investment firm must comply with under SYSC 19G.

The Company has adopted an approach to remuneration policies, procedures and practices (collectively, its **Remuneration Policy**) which is aligned with the requirements of the Remuneration Code. The Remuneration Policy is particularly designed to promote the following key principles:

- proportionate and appropriate remuneration practices considering the nature, scale and complexity of the risks inherent in the business model and activities of the firm;
- sound and effective risk management, compliance with legal and regulatory requirements and not encouraging excessive risk-taking for individual gain;
- gender neutral remuneration practices;
- ethical employee behaviour in line with the interests of the Company's customers and its strategies, objectives, values and long-term interests;
- ensuring that total variable remuneration does not limit the Company's ability to strengthen its capital base; and
- avoiding conflicts of interest.

Details of remuneration code are summarised in the table below:

Principles and approach to remuneration for all staff	**Principles of remuneration** The Company seeks to apply its Remuneration Policy to all staff. Staff remuneration is generally comprised of fixed and variable monetary awards and non-monetary benefits. The Company has two tiers of application of the Code – one for general staff and more enhanced rules for MRT's. Fixed salaries are designed to be the main source of remuneration with any variable remuneration being awarded on a discretionary basis by reference to financial and non-financial metrics which include conduct, client outcomes, values and strategy. Fixed remuneration paid to staff is determined considering an individual's level of knowledge, skills, competencies an experience. The Company ensure that fixed remuneration is comparable to current market rates. **Remuneration of staff other than employees** Fixed and variable remuneration may be payable to staff who are not employees but these do not at any time constitute salary. The fixed remuneration component may however be calculated by reference past performance of the relevant individual. The Company shall set ratios between fixed and variable remuneration are applicable to staff other than employees and such ratios shall be specified in the relevant contract for services entered by the Company and the relevant third party consultant company (the "Contract for Services"). The Company may set different ratios for each Contract for Services provided such ratios comply with this Policy and/or has been approved by the Remuneration Committee subject to applicable regulatory requirements at all times.

Objectives of its financial incentives	**Objectives** CCBIUK has a formal annual review process in place whereby each employee's performance for the last year is appraised. The results of the performance appraisals are used to help determine any variable remuneration. Any variable remuneration paid to staff must be consistent with the remuneration policy. The purpose of the variable remuneration schemes is to compensation staff based on their individual performance, the financial and non-financial performance of the relevant team and the contribution made by the staff. The Company will impose a ratio between fixed and variable remunerations in each performance period which shall be applicable to staff, subject to the then prevailing market conditions and applicable legal and regulatory requirements. The Company may set different ratios for different categories of staff if considered appropriate and approved by the Remuneration Committee subject at all time to applicable regulatory requirements. The current applicable ratio between fixed and variable remuneration shall be up to a maximum of 1 (fixed):2 (variable). **Assessment of performance** Variable remuneration is performance-related the total amount of the variable remuneration is based on a combination of the assessment of the performance of: (a) the individual; (b) the business unit concerned; and (c) the overall financial results of the Company. Variable remuneration is also one of the tools used to promote sound and effective risk management, discouraging risk-taking in excess of the Board's approved risk appetites, and to promote and reinforce behaviour in respect of the Company's culture values.

	Pursuant to SYSC 19G.6.5R, the Company's non-financial criteria form a significant part of the performance assessment process, which include: (a) measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback; (b) performance in line with firm strategy or values, for example by displaying leadership, teamwork or creativity; (c) adherence to the firm's risk management and compliance policies; (d) achieving targets relating to: (i) environmental, social and governance factors; and (ii) diversity and inclusion. The Company assesses individual performance, the assessment process and any variable remuneration awarded in accordance with SYSC 19G.6.4R and does not discriminate on the basis of the protected characteristics of an individual in accordance with the Equality Act 2010.
Decision-making procedures and governance surrounding the development of the remuneration policies and practices	**Decision-making procedures and governance** The Company has established a Remuneration Committee whose members are appointed by the Company's Board. The Committee has delegated authority to determine and adopt the Company's Remuneration Policy which is reviewed at least annually. The Committee's duties include ensuring that annual pay and bonus awards encourage conduct consistent with the Company's financial and non-financial performance and ensuring that regulatory requirements are fulfilled. The Committee is authorised to obtain independent professional advice and input from Risk, Compliance and the rest of the business as needed. The Remuneration Committee annually review the remuneration of material risk takers and has the ability to apply influence to fixed and variable remuneration payments. **Severance Payment** The Company will aim to ensure that payments relating to the early termination of an employment contract are designed in a way that does not reward failure. However, payments may be made in the normal course as part of industry standard practice

	and where such settlement agreements assist the Company's and/ or its group of companies' reputation within the market. If there is a difference between the maximum severance pay permitted under this Policy and the higher amount the Company is obliged to pay it can be excluded from an assessment of whether an award of variable remuneration is consistent with the ratio set. The deviation from the policy must be approved by the CEO, Head of Human Resources and Head of Compliance. **Guaranteed variable remuneration** Guaranteed variable remuneration is granted only in exceptional cases and only when hiring new employees in order to attract highly specialised individuals. In accordance with regulatory requirements, such pay is generally granted for the first year of an employee's service only and only when the Company has a sound and strong capital base. Remuneration packages relating to compensation for, or buy-out from, employee's contracts in previous employment will only be made if they align with the long term interests of the Company and may be subject to retention, deferral, performance adjustment and clawback arrangements. They will also be subject to production of satisfactory evidence of entitlement to such compensation. **Performance adjustment for staff** The Company has decided to set a clawback period of one year. In rare instances there are deferral and retention periods, the clawback period must span longer then combined lengths of any deferral and retention period. Ex-post risk adjustment can be applied collectively at bonus pool level, to groups of employees and to individuals. Whilst the application is primary focused on individuals, the use of ex-post risk adjustment will not be limited to employees who engaged directly in misconduct. Employees whose roles and responsibilities include areas where failures or poor performance contributed to, or failed to prevent, the crystallisation of risk should be considered as well.

In addition, the Company applies the remuneration principles proportionality rule and associated FCA guidance (the **Proportionality Rule**). This means that its Remuneration Policy is tailored to its size and internal organization as well as the nature, scope and complexity of its activities. CCBIUK is classed as non-SNI MIFIDPRU investment firm, but it does not exceed the thresholds in SYSC 19G.1.1R. This allows it to dis-apply some of the requirements within SYSC 19G.

As at 31 December 2022, the Company had 11 individuals who have been identified as material risk takers as defined in SYSC 19G.5.

5.2 Quantitative Disclosure

Aggregate quantitative information on remuneration, broken down by business area

CCBIUK only has one business area. Total remuneration for this business area for the year to 31 December 2022 was £5.24 Million.

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the Company

Pursuant to MIFIDPRU 8.6.8, CCBIUK, as a non-SNI MIFIDPRU investment firm, has to disclose the following information, split into categories for senior management other material risk takers, and other staff (“staff” interpreted according to SYSC 19G.1.24G).

The amount of remuneration for Code Staff for the year ended 31 December 2022, split into total, fixed and variable remuneration and number of beneficiaries are shown in the table below:

Category	Number of beneficiaries	Fixed remuneration	Variable remuneration	Total remuneration
		£’000	**£’000**	**£’000**
Senior Management	7	704	22	726
Other material risk takers	4	638	59	697
Other staff	42	3,115	698	3,813
Total	**53**	**4,457**	**779**	**5,236**

A list of material risk takers is kept by the Company's Head of Human Resources and Head of Compliance. The Remuneration Committee annually reviews the remuneration of the material risk takers and has the ability to apply influence to fixed and variable remuneration payment.

For the year ended 31 December 2022, the Company did not provide any guarantee variable remuneration nor severance payment to any material risk takers.